

## FORECASTS COMPARISON

Idaho has a dynamic economy whose growth is influenced by a myriad of local, national, and international factors. Therefore, changes to the projected values of such diverse variables as oil prices, interest rates, and national housing starts can have an effect at the state level. In order to account for the effects of such changes on the state's economy, each issue of the *Idaho Economic Forecast* uses DRI's most recent forecast of the U.S. economy. Additional data, such as company-specific expansions and/or contractions are also considered.

The following comparison table shows how the outlooks for several key Idaho and national economic series have changed from the January 1999 to the April 1999 *Idaho Economic Forecasts*. The January 1999 Idaho forecast was based on DRI's November 1998 U.S. macroeconomic forecast and the April 1999 Idaho forecast is driven by DRI's March 1999 forecast.

This section reviews the differences between the current and previous *Idaho Economic Forecasts*. Even the most cursory review of the table on the facing page would lead to the conclusion that the outlook for the U.S. economy has improved markedly compared to the forecast that was published in January 1999. The evidence is consistent. Nominal GDP is slightly higher in each year of the forecast, except for 2002. However, when adjusted for inflation, the differences between the current and previous GDP forecasts grow. Specifically, real GDP is about 2.0% stronger in this forecast than in the previous one. This is because the expectation of stronger nominal output is reinforced by the lower inflation forecast. Other key measures have also improved. National nonfarm employment is expected to be about 1.0% higher in 1999, 2000, and 2001 than was forecast in January 1999, with both the goods- and services-producing sectors showing improvements. The stronger employment and lower inflation help to improve real personal income over the forecast period. This measure of the economy's health goes from being 1.5% stronger than previously forecast in 1999 to 2.0% stronger in 2002.

Not surprisingly, the future of Idaho's economy has also brightened. In the previous forecast, it was projected that the Gem State's economy would slow considerably this year and improve just slightly thereafter. However, the forecast of a stronger economy and evidence of strong Idaho job growth have improved the state's outlook. We now expect Idaho nonfarm employment to peak at 2.7% in 1999 and gradually slow to 2.0% in 2002. The most notable improvement to employment should be in the goods-producing sector, where the increase is expected to be almost 4,800 in 2001. Idaho real income improves over the forecast period. It is 1.1% higher than previously forecast in 1999 and is 1.6% higher by 2002.

**IDAHO ECONOMIC FORECAST**  
**FORECASTS COMPARISON**  
**DIFFERENCES BETWEEN APRIL 1999 AND JANUARY 1999 FORECASTS**

	1998	1999	2000	2001	2002
<b>GDP (BILLIONS)</b>					
Current \$	22	132	38	26	-65
% Difference	0.3%	1.5%	0.4%	0.3%	-0.6%
1992 Chain-Weighted	21	167	152	179	142
% Difference	0.3%	2.2%	1.9%	2.2%	1.7%
<b>PERSONAL INCOME - CURR \$</b>					
Idaho (Millions)	-68	89	11	-106	-360
% Difference	-0.3%	0.3%	0.0%	-0.4%	-1.1%
U.S. (Billions)	6	51	35	11	-60
% Difference	0.1%	0.7%	0.4%	0.1%	-0.7%
<b>PERSONAL INCOME - 1992 \$</b>					
Idaho (Millions)	-47	267	409	459	400
% Difference	-0.2%	1.1%	1.7%	1.8%	1.6%
U.S. (Billions)	9	97	139	158	138
% Difference	0.1%	1.5%	2.1%	2.4%	2.0%
<b>TOTAL NONFARM EMPLOYMENT</b>					
Idaho	-1,779	3,419	4,468	4,412	1,943
% Difference	-0.3%	0.6%	0.8%	0.8%	0.3%
U.S. (Thousands)	46	1,393	1,297	1,122	271
% Difference	0.0%	1.1%	1.0%	0.9%	0.2%
<b>GOODS PRODUCING SECTOR</b>					
Idaho	748	3,755	3,777	4,759	5,103
% Difference	0.7%	3.4%	3.4%	4.3%	4.5%
U.S. (Thousands)	29	570	308	168	-141
% Difference	0.1%	2.3%	1.3%	0.7%	-0.6%
<b>SERVICE PRODUCING SECTOR</b>					
Idaho	-2,527	-336	691	-347	-3,160
% Difference	-0.6%	-0.1%	0.2%	-0.1%	-0.7%
U.S. (Thousands)	17	823	989	954	411
% Difference	0.0%	0.8%	0.9%	0.9%	0.4%
<b>FINANCIAL MARKETS</b>					
Federal Funds Rate	-0.1	0.5	0.9	0.5	0.5
Bank Prime Rate	0.0	0.5	0.9	0.5	0.5
Mort Rate, New Homes	-0.1	0.5	0.9	0.6	0.3
<b>INFLATION</b>					
GDP Price Deflator	0.0	-0.7	-1.7	-2.3	-2.8
Personal Cons Deflator	-0.1	-0.9	-1.9	-2.6	-3.3
Consumer Price Index	-0.1	-1.1	-2.1	-2.9	-3.7

**Forecast Begins the FOURTH Quarter of 1998**